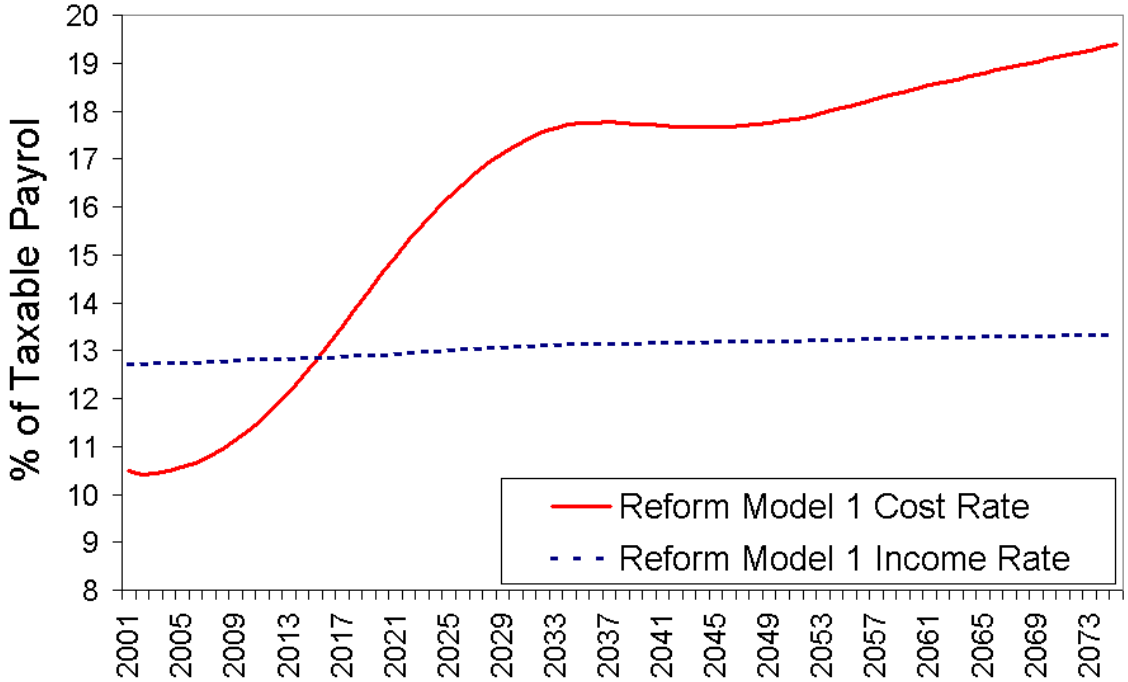
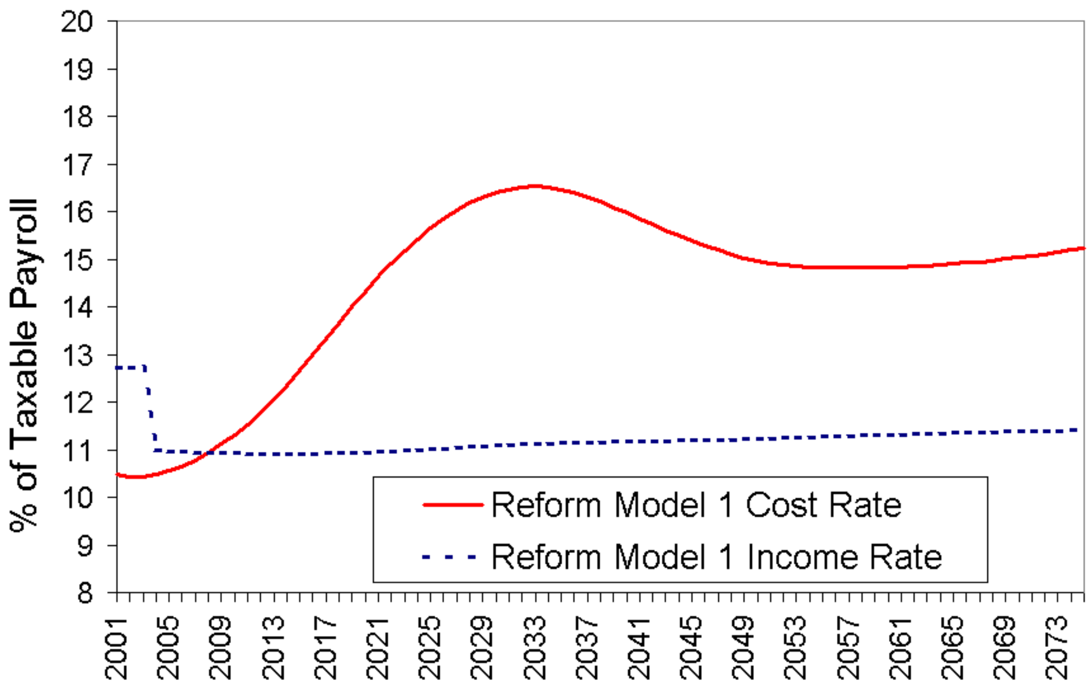
Appendix: Income-cost rates, 0 and 100 percent participation.

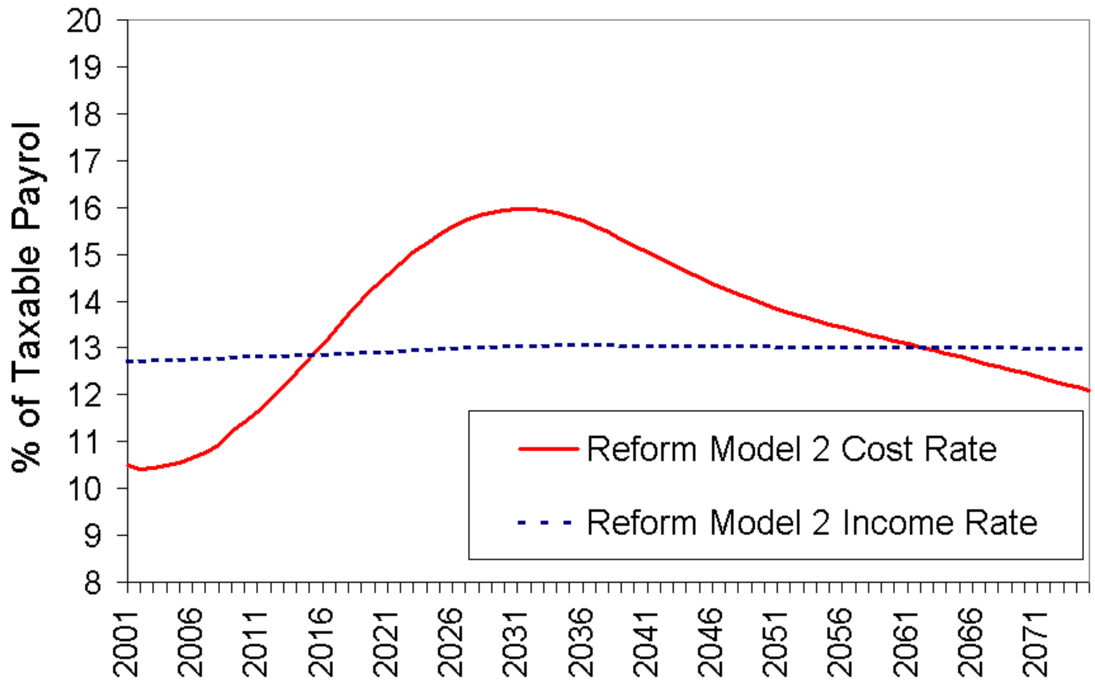
Reform Model 1: 0 Percent Participation



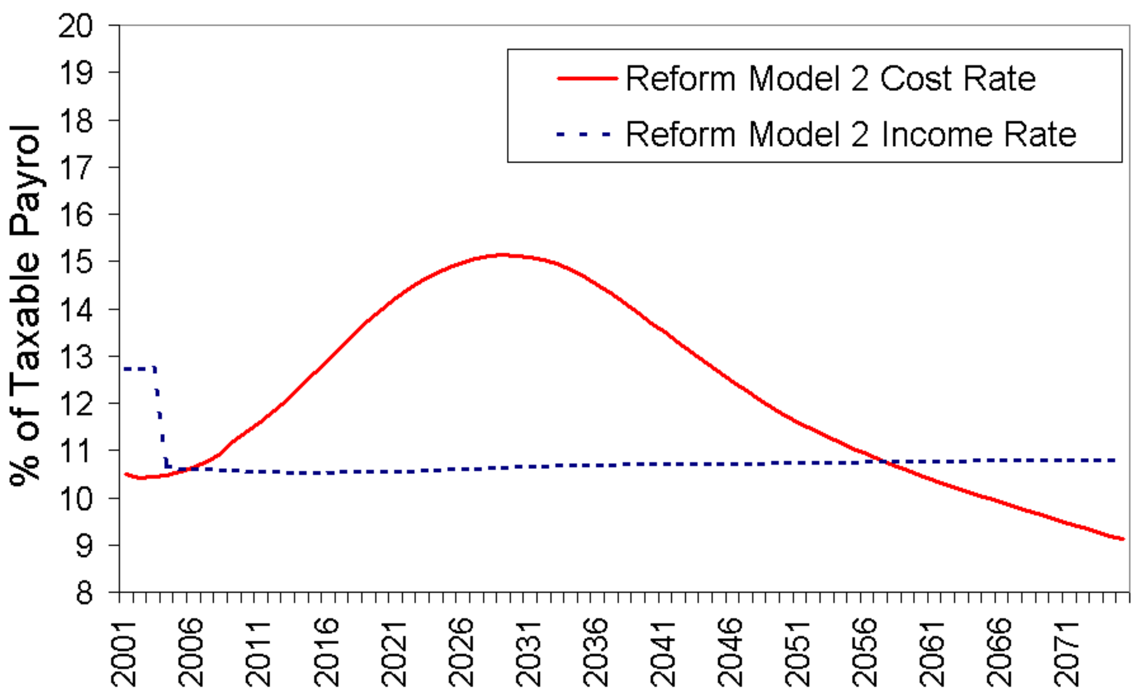
Reform Model 1: 100 Percent Participation



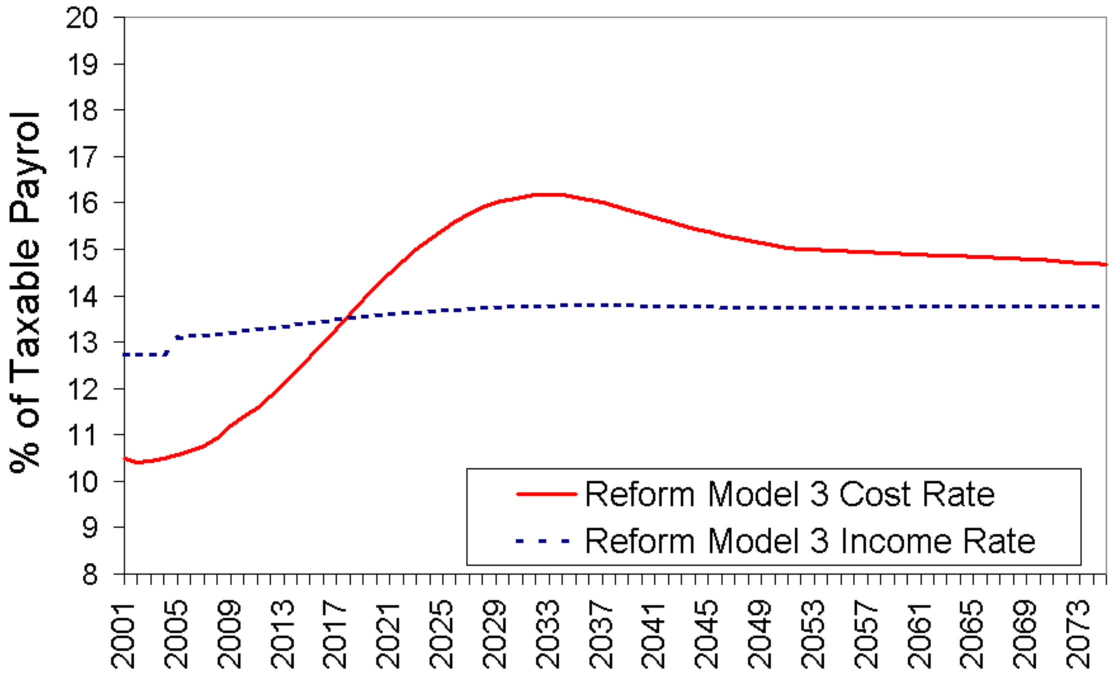
Reform Model 2: 0 Percent Participation



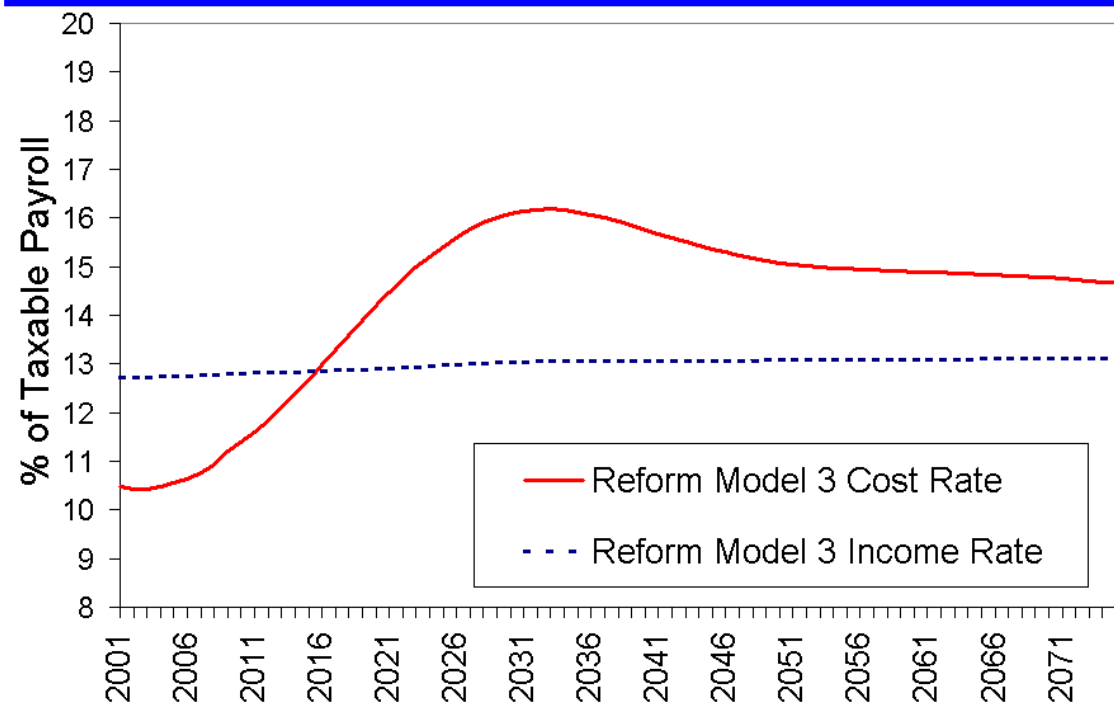
Reform Model 2: 100 Percent Participation



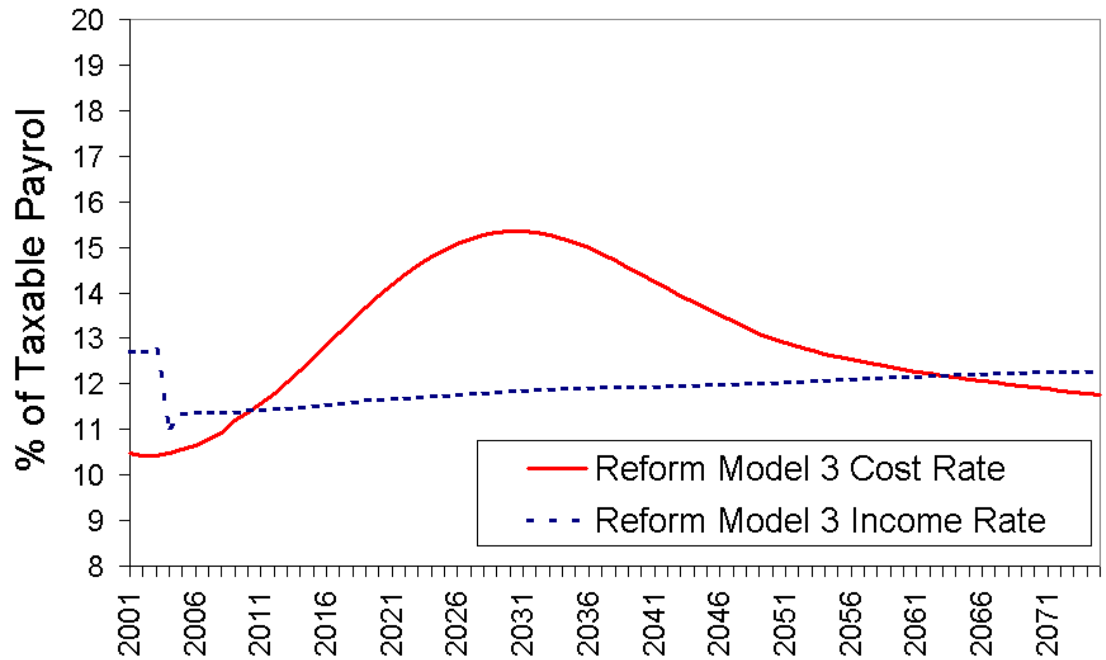
Reform Model 3: 0 Percent Participation, With Dedicated Revenue Transfers



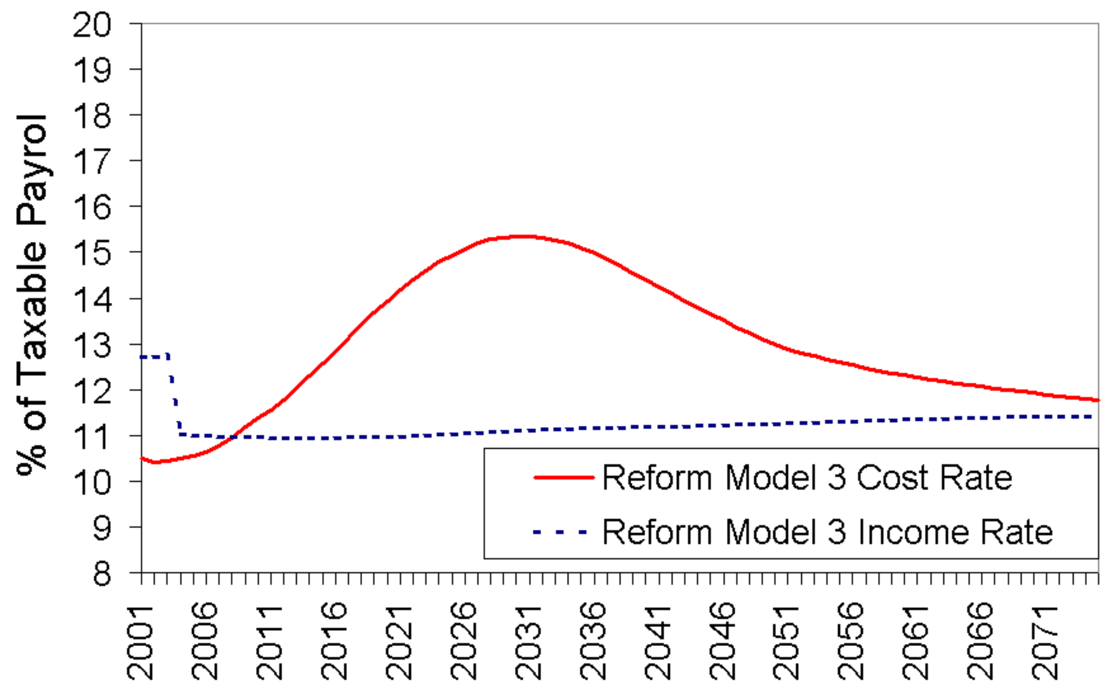
Reform Model 3: 0 Percent Participation, Without Dedicated Revenue Transfers



Reform Model 3: 100 Percent Participation, With Dedicated Revenue Transfers

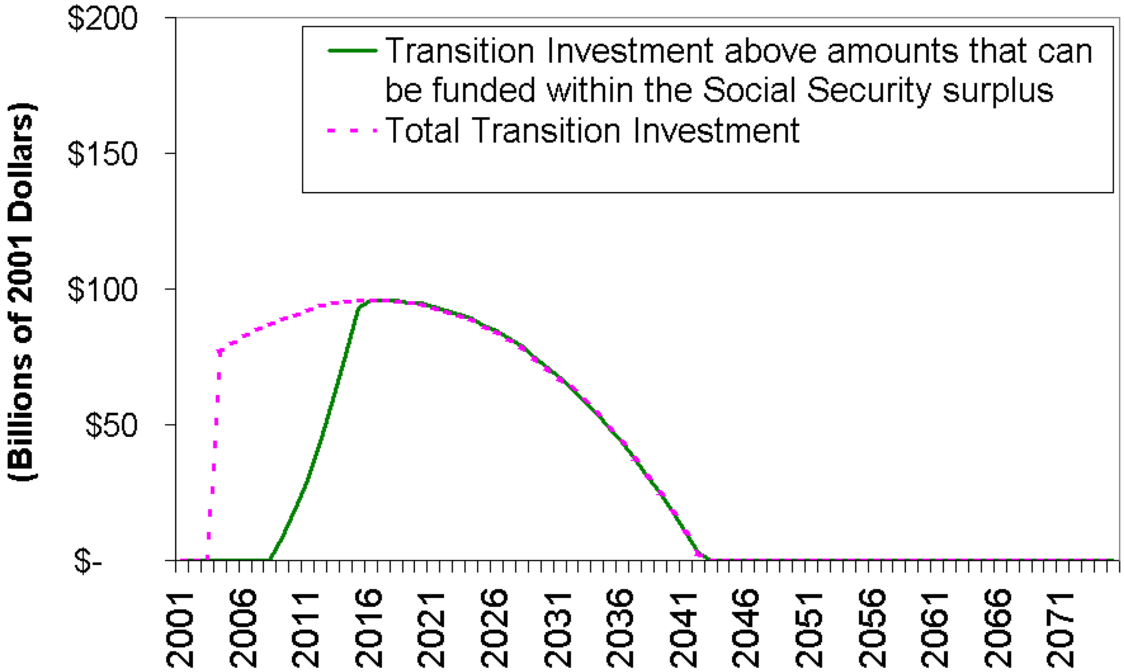


Reform Model 3: 100 Percent Participation, Without Dedicated Revenue Transfers

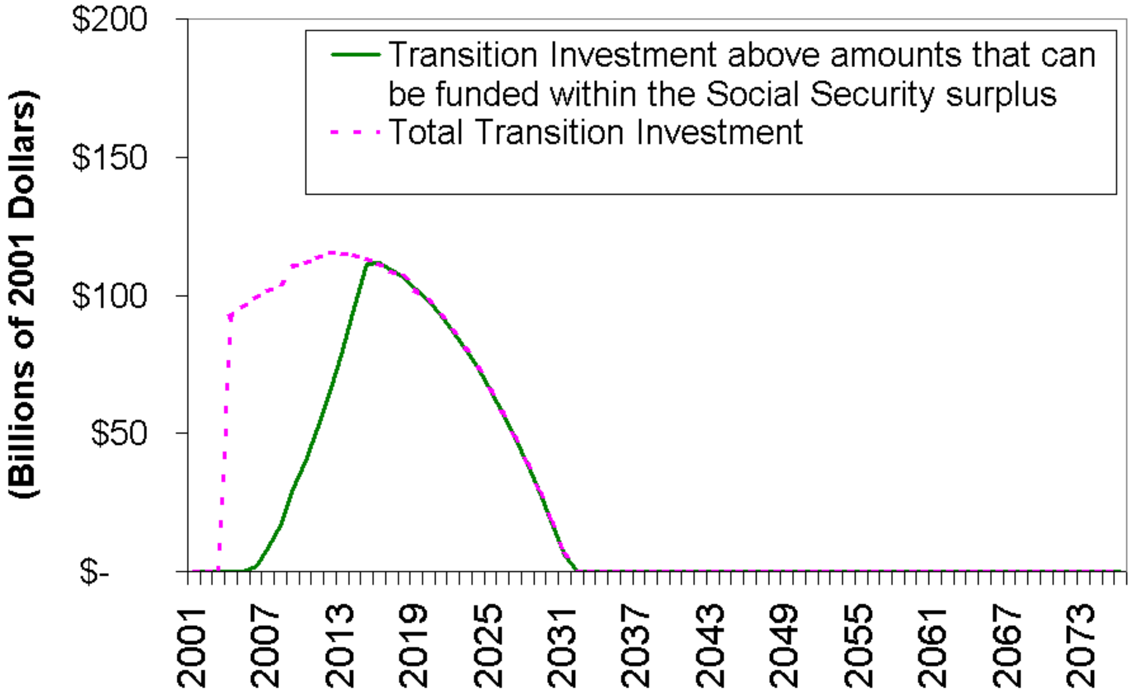


Transition Investment

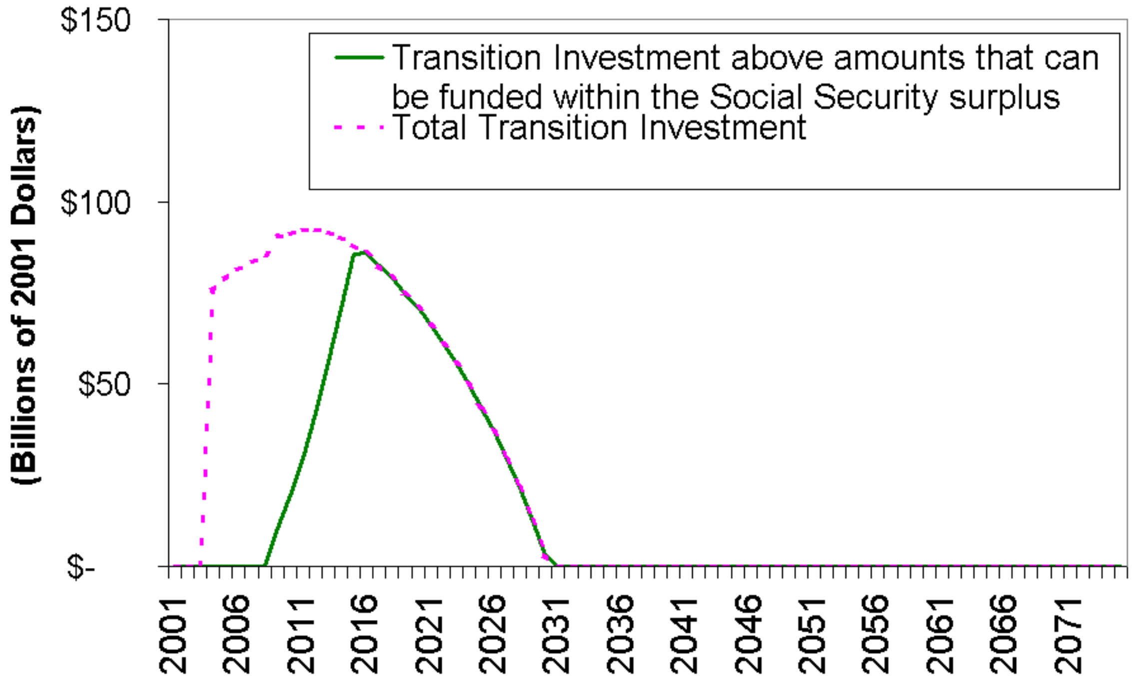
Reform Model 1: Transition Investment, 100 Percent Participation



Reform Model 2: Transition Investment, 100 Percent Participation



Reform Model 3: Transition Investment, 100 Percent Participation



Plan 1: Variable Annuity

Two Percent Personal Account, No Changes to Underlying System

	Relative Earnings	Today's Benefit Level	Current Law Benefit	Reform Model Benefits: Expected Benefit with Account	Reform Model Benefits: Increase Relative to Today's Benefit	Reform Model Benefits: Additional Increase Due to Accounts
2032	Low	$7,644	$9,756	$10,140	$2,496	$384
	Medium	$12,624	$16,116	$16,944	$4,320	$828
	High	$16,392	$21,288	$22,620	$6,228	$1,332
2052	Low	$7,644	$8,568*	$9,624*	$1,980	$1,056
	Medium	$12,624	$14,148*	$16,476*	$3,852	$2,328
	High	$16,392	$18,696*	$22,428 *	$6,036	$3,732
2075	Low	$7,644	$9,900 **	$11,186 **	$3,542	$1,286
	Medium	$12,624	$16,343 **	$19,199 **	$6,575	$2,856
	High	$16,392	$21,594 **	$26,164 **	$9,772	$4,570

* $11,832, $19,536 and $25,812 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 27.6% underfunded in 2052. Assuming that full scheduled benefits were paid, low, medium, and high-income workers with personal accounts would receive total benefits of $12,844, $21,869, and $29,547 respectively.

** $14,772, $24,384 and $32,220 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 33.0% underfunded in 2075. Assuming that full scheduled benefits were paid, low, medium, and high-income workers with personal accounts would receive total benefits of $16,055, $27,237, and $36,785 respectively.

*** Expected benefits with accounts assume individual invests in a 50/50 stock/bond portfolio earning an annual real rate of return, net of administrative expenses, of 4.6%. Upon retirement, the individual is assumed to have converted to a variable annuity invested in the same portfolio. Actual benefits may be higher or lower than those reported here depending on realized investment returns.

Plan 1: Fixed Annuity

Two Percent Personal Account, No Changes to Underlying System

	Relative Earnings	Today's Benefit Level	Current Law Benefit	Reform Model Benefits: Expected Benefit with Account	Reform Model Benefits: Increase Relative to Today's Benefit	Reform Model Benefits: Additional Increase Due to Accounts
2032	Low	$7,644	$9,756	$9,912	$2,268	$156
	Medium	$12,624	$16,116	$16,452	$3,828	$336
	High	$16,392	$21,288	$21,840	$5,448	$552
2052	Low	$7,644	$8,568*	$9,118*	$1,474	$550
	Medium	$12,624	$14,148*	$15,365*	$2,741	$1,217
	High	$16,392	$18,696*	$20,644 *	$4,252	$1,948
2075	Low	$7,644	$9,900 **	$10,561 **	$2,917	$661
	Medium	$12,624	$16,343 **	$17,810 **	$5,186	$1,467
	High	$16,392	$21,594 **	$23,942 **	$7,550	$2,348

* $11,832, $19,536 and $25,812 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 27.6% underfunded in 2052. Assuming that full scheduled benefits were paid, low, medium, and high-income workers with personal accounts would receive total benefits of $12,384, $20,758, and $27,770 respectively.

** $14,772, $24,384 and $32,220 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 33.0% underfunded in 2075. Assuming that full scheduled benefits were paid, low, medium, and high-income workers with personal accounts

*** Expected benefits with accounts assume individual invests in a 50/50 stock/bond portfolio earning an annual real rate of return, net of administrative expenses, of 4.6%. Upon retirement, the individual is assumed to have converted to a fixed inflation-adjusted annuity invested at the government bond rate of 3.0 percent after inflation.

Plan 2: Variable Annuity

Price Indexed System

	Relative Earnings	Today's Benefit Level	Current Law Benefit	Reform Model Benefits: Expected Benefit with Account	Increase Relative to Today's Benefit	Additional Increase Due to Accounts
2032	Low	$7,644	$9,756	$11,160	$3,516	$1,488
	Medium	$12,624	$16,116	$15,444	$2,820	$2,256
	High	$16,392	$21,288	$19,680	$3,288	$2,268
2052	Low	$7,644	$8,568*	$13,608	$5,964	$3,936
	Medium	$12,624	$14,148*	$20,016	$7,392	$6,828
	High	$16,392	$18,696*	$24,684	$8,292	$7,272
2075	Low	$7,644	$9,900 **	$14,484	$6,840	$4,808
	Medium	$12,624	$16,343 **	$21,528	$8,904	$8,341
	High	$16,392	$21,594 **	$26,292	$9,900	$8,868

* $11,832, $19,536 and $25,812 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 27.6% underfunded in 2052.

** $14,772, $24,384 and $32,220 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 32.97% underfunded in 2075.

*** Expected benefits with accounts assume individual invests in a 50/50 stock/bond portfolio earning an annual real rate of return, net of administrative expenses, of 4.6%.

Upon retirement, the individual is assumed to have converted to a variable annuity invested in the same portfolio. Actual benefits may be higher or lower than those reported here depending on realized investment returns.

Plan 2: Fixed Annuity

Price Indexed System

	Relative Earnings	Today's Benefit Level	Current Law Benefit	Reform Model Benefits: Expected Benefit with Account	Reform Model Benefits: Increase Relative to Today's Benefit	Reform Model Benefits: Additional Increase Due to Accounts
2032	Low	$7,644	$9,756	$10,728	$3,084	$1,056
2032	Medium	$12,624	$16,116	$14,772	$2,148	$1,584
2032	High	$16,392	$21,288	$19,008	$2,616	$1,596
2052	Low	$7,644	$8,568*	$12,600	$4,956	$2,928
2052	Medium	$12,624	$14,148*	$18,300	$5,676	$5,112
2052	High	$16,392	$18,696*	$22,884	$6,492	$5,472
2075	Low	$7,644	$9,900 **	$13,224	$5,580	$3,548
2075	Medium	$12,624	$16,343 **	$19,380	$6,756	$6,193
2075	High	$16,392	$21,594 **	$24,036	$7,644	$6,612

* $11,832, $19,536 and $25,812 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 27.6% underfunded in 2052.

** $14,772, $24,384 and $32,220 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 32.97% underfunded in 2075.

*** Expected benefits with accounts assume individual invests in a 50/50 stock/bond portfolio earning an annual real rate of return, net of administrative expenses, of 4.6%. Upon retirement, the individual is assumed to have converted to a fixed inflation-adjusted annuity invested at the government bond rate of 3.0 percent after inflation.

Plan 3: Variable Annuity

1% "Add-on" contribution allows for benefit growth exceeding currently scheduled benefits

	Relative Earnings	Today's Benefit Level	Current Law Benefit	Reform Model Benefits: Expected Benefit with Account	Reform Model Benefits: Increase Relative to Today's Benefit	Reform Model Benefits: Additional Increase Due to Accounts
2032	Low	$7,644	$9,756	$10,932	$3,288	$1,560
	Medium	$12,624	$16,116	$17,412	$4,788	$3,468
	High	$16,392	$21,288	$22,620	$6,228	$4,644
2052	Low	$7,644	$8,568*	$14,112	$6,468	$3,828
	Medium	$12,624	$14,148*	$23,796	$11,172	$8,508
	High	$16,392	$18,696*	$31,668	$15,276	$11,952
2075	Low	$7,644	$9,900 **	$16,164	$8,520	$4,668
	Medium	$12,624	$16,344 **	$27,456	$14,832	$10,356
	High	$16,392	$21,594 **	$36,600	$20,208	$14,556

* $11,832, $19,536 and $25,812 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 27.6% underfunded in 2052.

** $14,772, $24,384 and $32,220 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 32.97% underfunded in 2075.

*** Expected benefits with accounts assume individual invests in a 50/50 stock/bond portfolio earning an annual real rate of return, net of administrative expenses, of 4.6%. Upon retirement, the individual is assumed to have converted to a variable annuity invested in the same portfolio. Actual benefits may be higher or lower than those reported here depending on realized investment returns.

Plan 3: Fixed Annuity

1% "Add-on" contribution allows for benefit growth exceeding currently scheduled benefits

	Relative Earnings	Today's Benefit Level	Current Law Benefit	Reform Model Benefits: Expected Benefit with Account	Reform Model Benefits: Increase Relative to Today's Benefit	Reform Model Benefits: Additional Increase Due to Accounts
2032	Low	$7,644	$9,756	$10,548	$2,904	$1,176
	Medium	$12,624	$16,116	$16,560	$3,936	$2,616
	High	$16,392	$21,288	$21,552	$5,160	$3,576
2052	Low	$7,644	$8,568*	$13,236	$5,592	$2,952
	Medium	$12,624	$14,148*	$21,852	$9,228	$6,564
	High	$16,392	$18,696*	$29,076	$12,684	$9,360
2075	Low	$7,644	$9,900 **	$15,060	$7,416	$3,564
	Medium	$12,624	$16,343 **	$25,032	$12,408	$7,932
	High	$16,392	$21,594 **	$33,348	$16,956	$11,304

* $11,832, $19,536 and $25,812 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 27.6% underfunded in 2052.

** $14,772, $24,384 and $32,220 are currently scheduled for low, medium, and high earners respectively but the system is projected to be 32.97% underfunded in 2075.

*** Expected benefits with accounts assume individual invests in a 50/50 stock/bond portfolio earning an annual real rate of return, net of administrative expenses, of 4.6%. Upon retirement, the individual is assumed to have converted to a fixed inflation-adjusted annuity invested at the government bond rate of 3.0 percent after inflation.